

Hemisphere Properties India Limited

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

Code of Conduct for Board Members and Senior Management

1. Applicability

This 'Code of Conduct' shall be applicable to all Board Members and Senior Management of Hemisphere Properties India Limited (hereinafter referred to as 'the **Company or HPIL**') Senior Management means all members of management one level below the Managing Director viz. all Functional Heads, Business Heads, Heads of Finance, HR, Legal, IT, Communications etc. including the Company Secretary and Chief Financial Officer.

This Code is in alignment with Company's Vision to achieve the Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

1.2 The matters covered under this Code are of utmost importance to the Company, its stakeholders and business partners. Further these are essential so that the business is conducted in accordance with the stated values of the Company.

2. DEFINITIONS AND INTERPRETATIONS:

2.1 The term "Board Members" shall mean Directors on the Board of Directors of the Company.

2.2 The term "Whole-time Directors" or "Functional Directors" shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the company or nominated by the administrative ministry.

2.3 The term "Part-time Directors" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company and include Independent Directors and Government Nominee Directors.

2.4 The term "Independent Director" shall mean an Independent Director as defined in section 2(47) and Section 149(6) of the Companies Act, 2013 and Regulation 16 (1)(b) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and other applicable regulations updated from time to time.

2.5 The term “Key Managerial Personnel (KMP)” shall have the same meaning as defined in Section 2(51) of the Companies Act, 2013.

2.6 The term “Relative” shall mean the ‘relative’ as defined in Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definition Details) Rules, 2014. (Refer Appendix -I).

2.7 The term “Senior Management” means Non-Board Members and includes Chief Vigilance Officer, Executive Directors, General Managers and other Heads of Departments of the Company.

2.8 The term “the Company” shall mean Hemisphere Properties India Limited.

3. APPLICABILITY

3.1 This code shall be applicable to the following personnel:

- a) All Whole-time Directors including the Chairman & Managing Director of the Company.
- b) All Part-time Directors (including the Independent Directors and Government Nominee Directors) unless specifically exempted from some of the provisions of this Code.
- c) Key Managerial Personnel (KMP).
- d) Senior Management of the Company.

4. REQUIREMENTS:

4.1 The Board Members, KMPs and the Senior Management of the Company are expected to read and understand this Code and uphold these standards in day to day activities. They shall act within the authority conferred upon them, shall observe the following:

- i. Shall act with skill, utmost care and diligence in a fair and bonafide manner, maintaining high standards of integrity in all its activities.
- ii. Conduct professionally, courteous and respectful manner and Act in a manner to enhance and maintain the reputation of the Company
- iii. Act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the countries in which the Company operates.
- iv. Shall act in an ethical manner, free from fraud or deception and conforming to the accepted professional standards. They shall also fulfil the fiduciary obligations without allowing their independence of judgment to be compromised.
- v. Act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- vi. Act in the best interests of, and fulfil their fiduciary obligations to the Company;
- vii. Not to use the Company’s assets or position for personal advantage.
- viii. Not to use any information or opportunity received by them in their capacity as Directors/KMPs/Senior Management in a manner that would be detrimental to the Company’s interest.
- ix.. Shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his opinion is likely to arise.
- x. Shall make disclosures to the Board relating to all the material, financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the Company at large.
- xi. Abstain from discussion, voting or otherwise influencing a decision on any matters that may come before the Board in which they may have a conflict or potential conflict of interest;

- xii. Shall not enter into any contract or arrangement without obtaining the approval of the Audit Committee and/ or the Board and approval by a special resolution in the general meeting where ever required for related party transactions as mentioned in Appendix - II.
 - xiii. Shall avoid having any personal and /or financial interest in any business dealings concerning the Company.
 - xiv. Shall not hold any position or job or engage in outside business or other interest that is prejudicial to the interest of the Company.
 - xv. Shall not exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Company and the Board declines to pursue such opportunity and allow him to avail such opportunity.
 - xvi. Shall not seek or accept, directly or indirectly, any offer, payment, promise to pay, or authorization to pay any money, gift or anything of value from customers, vendors, consultants etc. that is perceived as intended, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commitment of any fraud.

 - xvii. Shall not make any statement which has the effect of adverse criticism of any policy or action of the Government or of the Company or which is capable of embarrassing the relations between the Company and the public including all the stakeholders.
- Provided that nothing specified in this clause shall apply to any statement made or views expressed by the Board Member, KMPs and Senior Management which are purely factual in nature, or are made in their official capacity or in due performance of the duties assigned to them.
- xviii. Shall not commit any offence involving moral turpitude.
 - xix. Respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service, except when authorized or legally required to disclose such information.
 - xx. Help create and maintain a culture of high ethical standards and commitment to compliance.
 - xxi. Keep the Board informed in an appropriate and timely manner any information in the knowledge of the member which is related to the decision making or is otherwise critical for the company.
 - xxii. Treat the other members of the Board/KMPs/Senior Management and other persons connected with the Company with respect, dignity, fairness and courtesy.

4.2 Duties of Directors:

The Director(s) of the Company:

- i. shall act in accordance with the articles of the company, subject to the provisions of the Companies Act, 2013 as amended from time to time;
- ii. shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment;
- iii. shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment;
- iv. shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company;
- v. shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company;

vi. shall not assign his office and any assignment so made shall be void;

4.3 Specific Duties of Independent Directors:

The independent directors shall act as per the duties and responsibilities mentioned in the Companies Act, 2013 and SEBI regulation along with following—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

5. Conduct of Business

The Board Members and the Senior Management team shall conduct the Company's business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders.

The Board Members and the Senior Management team shall not be involved in any activity that would have any adverse effect on the objectives of the Company or against the national interest. The corporate objectives to be pursued shall be to sustain the competitive edge of the Company and not to indulge in any activity, which is detrimental to the society at large. The Board of Directors and Senior Management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

5. Wealth Creation

The Board Members and the Senior Management team shall be committed to enhance the shareholders' worth/value and shall strictly comply with all regulations and laws that govern shareholders' rights. The Board shall duly and fairly inform the shareholders all relevant aspects about the Company's business and disclose such information as may be required, from time to time, in accordance with the applicable rules and regulations.

6. Declarations to the Board

A Board Member shall not take membership of more than such number of committees or act as Chairman of more than such number of committees across all companies as is prescribed under applicable law or provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Every Board Member shall inform the Board of all such membership at the beginning of each financial year and also of every change as and when they take place.

The Board Members and the Senior Management team shall inform their equity holding in the Company and any changes that may take place and shall not indulge in any trading of the securities of the Company which would come within the purview of the Company's Insider Trading Code. In case of any agreement or contract which is or shall be entered into by and between two corporate entities, in which a Director is interested, the Director shall forthwith draw the attention of the Board about the fact and shall not participate in the deliberations nor vote on the resolution relating to the same.

7. Financial reporting and disclosures to the regulatory authorities, government agencies, etc.

The Board of Directors shall ensure that the financial statements and reporting, made on behalf of the Company, do not contain any untrue statement or omit any material fact or content that might be misleading and shall strive to present a true and fair view of the Company's affairs in compliance with the prevailing Accounting Standards, applicable laws and regulations.

8. Conflict of Interest

The Board Members and the Senior Management team shall not engage in any activity or enter into any pecuniary relationship, which might result in conflict of interest, either directly or indirectly. The Board Members and the Senior Management team shall not derive any personal benefit by influencing any decision relating to any transaction or involve in any dealing with the Company's promoters, its management or its subsidiaries, suppliers, shareholders and other stakeholders which, in the judgment of the Board, may affect the independence of judgment of the Director concerned.

9. Security Transaction & Confidential Information

The Board Members and the Senior Management team and their immediate relatives as defined under Company's Insider Trading Code as amended from time to time, shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the affairs of the Company which is not in public domain and thus, constitute insider information. Insider information means Unpublished Price Sensitive Information as defined under Company's Insider Trading Code.

The Board Members and the Senior Management team shall not enter into any agreement for himself/herself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company, unless prior approval for the same has been obtained from the Board of Directors as well as members of the Company by way of an ordinary resolution.

10. Protecting Company's Assets

The Directors and the Senior Management team shall not indulge or encourage any activity, which would result in misuse of the Company's assets. This would include both tangible and intangible assets such as equipment, machinery, systems, material resources, intellectual property rights, goodwill, trademarks, patents, etc.

11. Reporting

The Directors and the Senior Management team shall immediately bring to the notice of the Board about any unethical behaviour, actual or suspected fraud or violation of Company's policies.

12. Gifts & Donations

The Board Members and the Senior Management team shall neither receive nor offer or make directly/indirectly any illegal payments, gifts, donations or any benefits which are intended to obtain business or unethical favours save and except nominal gifts which are customary in nature or associated with festivals.

13. Compensation and Disclosures

The fees and compensation payable to the Board Members (both executive and non-executive) shall be fixed in accordance with the approvals as per the applicable provisions of law and the same will be fully disclosed in the Annual Report to the Members.

15. Adoption

The Code of Conduct was adopted by Board of Directors by a resolution dated 26 August, 2020 and shall be deemed to be effective from September 01.2020

Part-II

SPECIFIC ADDITIONAL PROVISIONS FOR BOARD MEMBERS, KMPs AND SENIOR MANAGEMENT

1. **As Board Members, KMPs and Senior Management:** They shall undertake to actively participate in the meetings of the Board and Committees on which they serve.

2. As Board Members

2.1 Undertake to inform the Chairman and Managing Director/ Company Secretary/ chief Financial officer of the Company of any changes in their other Board positions, relationship with other business and other events/ circumstances / conditions that may interfere with their ability to perform Board/ Board Committee duties or may impact the judgment of the Board as to whether they meet the independence requirements of SEBI regulations, the Guidelines of DPE and the Companies Act, 2013 or rules framed thereunder.

2.2 Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases can be:

Related Party Transactions: Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).

Outside Directorship: Accepting Directorship on the Board of any other Company that competes with the business of the Company.

Consultancy/Business/Employment: Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/ responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the company.

Use of Official position for personal gains: Should not use their official position for personal gains.

3. Compliance with the Code of Business Conduct and Ethics

3.1 All Members of the Board, KMPs and Senior Management of Company shall uphold and promote the principles of this code.

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members, KMPs and Senior Management to adhere to the principles expressed in this Code, each of them should also encourage and support adherence by others.

3.2 Treat violations of this code as inconsistent association with the organization

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members, KMPs and Senior Management does not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to take appropriate action against the defaulter.

5. AMENDMENTS TO THE CODE.

A. UPDATION: This Code is subject to continuous review and updation in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise as may be deemed necessary by the Board and all such amendments / modifications shall take effect respectively from the date stated therein.

C. AMENDMENTS:

- i. The provisions of the Code can be amended /modified by the Board of Directors of the Company from time to time and all such amendments/modifications shall take effect from the date stated therein.
- ii. Any amendment of any provisions of this Code must be approved by the Company's Board of Directors and promptly disclosed in the Company's website pursuant to applicable laws and regulations, together with the details about the nature of amendment.
- iii. This Code and any amendment/ modification thereto shall be available on the website of the Company i.e. www.recindia.nic.in

6. ANNUAL COMPLIANCE REPORTING

6.1 All Board Members, KMPs and Senior Management shall affirm compliance of this Code within 30 days of close of every financial year. The Annual Report of the Company shall contain a declaration to this effect signed by the Chairman & Managing Director. A Proforma of Annual Compliance Report is at Appendix-III. The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director /Senior Management Personnel leaves the Company at any time during the financial year, he shall send a communication to the Company Secretary affirming the compliance of the Code.

6.2 The Chairman & Managing Director of the Company and all the Whole- time Directors of the Company shall certify to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of this Code.

7. NON COMPLIANCE WITH THE CODE

The Company shall ensure confidentiality and protection to any person who has in good faith, reported a violation or a suspected violation of law , of this Code or other Company policies or against any person who is assisting in any investigation or process with respect to such a violation.

Any waiver to this Code, whether the same is in the interest of the Company shall be decided by the Board.

Each Board Member/KMPs/Senior Management shall be required to comply with this Code. Any concern regarding the compliance with the same shall be raised with the Compliance officer i.e., Company Secretary.

In case of any breach of this code, by the Board Members/KMPs/Senior Management Personnel, the penalty for the Breach shall be considered by the Board of Directors for initiating appropriate action, as deemed necessary.

8. ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members, KMPs and Senior Management shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as at Appendix-IV and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this code.

APPENDIX-I

Hemisphere Properties India Limited

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

EXTRACT OF SECTION 2 (77) OF THE COMPANIES ACT, 2013

Definition of “relative” with reference to any person, means anyone who is related to another, if :-

- (a) they are members of a Hindu undivided family;
- (b) they are husband and wife; or
- (c) one person is related to the other in such manner as may be prescribed*:

*LIST OF RELATIVES AS PER RULE 4 OF THE COMPANIES (SPECIFICATION OF DEFINITIONS DETAILS) RULES, 2014

1. Father (including step-father)
2. Mother (including step-mother)
3. Son (including step-son)
4. Son’s Wife
5. Daughter
6. Daughter’s husband
7. Brother (including step-brother)
8. Sister (including step sister)

Hemisphere Properties India Limited

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

Definition of related party as per section 2 (76) of the Companies Act, 2013 read with Rule 3 of the Companies (Specifications of Definitions Details) Rules, 2014:

“Related Party”, with reference to a company, means—

- (i) a director or his relative;
 - (ii) a key managerial personnel or his relative;
 - (iii) a firm, in which a director, manager or his relative is a partner;
 - (iv) a private company in which a director or manager or his relative is a member or director;
 - (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
 - (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
- Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is—
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - (ix) such other person as may be prescribed;

As per Rule 3 of the Companies (Specifications of Definitions Details) Rules, 2014, a director or key managerial personnel of the holding company or his relative with reference to a company shall be deemed to be related party.

Related Party Transactions as SEBI (Listing Obligation and Disclosure Requirements),2015

zc“related party transaction” means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

B. Related party transactions.

23. (1) The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions ⁴⁶[including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly]:

Explanation. - A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

⁴⁷[(1A) Notwithstanding the above, [with effect from July 01, 2019]⁴⁸ a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed ⁴⁹{five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.]

(2) All related party transactions shall require prior approval of the audit committee.

(3) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

(c) the omnibus approval shall specify:

(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,

(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

(iii) such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

(4) All material related party transactions shall require approval of the shareholders through resolution and 50[no related party shall vote to approve] such resolutions whether the entity is a related party to the particular transaction or not:

[Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;]51

(5) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:

(a) transactions entered into between two government companies;

(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation. - For the purpose of clause (a), "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.

(6) The provisions of this regulation shall be applicable to all prospective transactions.

(7) For the purpose of this regulation, all entities falling under the definition of related parties shall 52[not vote to approve the relevant transaction] irrespective of whether the entity is a party to the particular transaction or not.

(8) All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

(9) The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.]

Extract of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014

188. (1) Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to—

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(g) underwriting the subscription of any securities or derivatives thereof, of the company:

[Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a 1[resolution]: Provided further that no member of the company shall vote on such 1[resolution], to approve any contract or arrangement which may be entered into by the company, if such member is a related party:]

[Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties:]

Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

[Provided also that the requirement of passing the resolution under first proviso shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval:]

Explanation.— In this sub-section,—

- (a) the expression “office or place of profit” means any office or place—
 - (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (b) the expression “arm's length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

(2) Every contract or arrangement entered into under sub-section (1) shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

(3) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a 3[resolution] in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement 9[shall be voidable at the option of the Board or, as the case may be, of the shareholders] and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

(4) Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

(5) Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—

(i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and

(ii) In case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014:

(3) For the purposes of first proviso to sub-section (1) of section 188, except with the prior approval of the company by a 2[resolution], a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,-

(a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mention below-

(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, 3[amounting to ten percent or more] of the turnover of the company 5[Omitted], as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, 3[amounting to ten percent or more] of net worth of the company 5[Omitted], as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property any kind 6[amounting to ten per cent or more of the turnover of the company], as mentioned in clause (c) of sub-section (1) of section 188;

(iv) availing or rendering of any services, directly or through appointment of agent, 3[amounting to ten percent or more] of the turnover of the company 7[Omitted] as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation.- It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation.- (1) The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

(2) In case of wholly owned subsidiary, the 2[resolution] is passed by the holding company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.

(3) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars, namely:-

(a) name of the related party;

(b) name of the director or key managerial personnel who is related, if any;

(c) nature of relationship;

(d) nature, material terms, monetary value and particulars of the contract or arrangements;

(e) any other information relevant or important for the members to take a decision on the proposed resolution.]

Hemisphere Properties Limited

Code Of Business Conduct And Ethics For Board Members And Senior Management

I, ANNUAL COMPLIANCE REPORT

.....(name),.....(designation), having read and understood the Code of Business Conduct and Ethics for Board Members and Senior Management, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31st March

Signature : _____

Name : _____

Designation : _____

Employment Number : _____

Telephone No. : _____

Date: _____

Place: _____

APPENDIX-IV

**HEMISPHERE PROPERTIES INDIA LIMITED
CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND
SENIOR MANAGEMENT**

ACKNOWLEDGEMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS
FOR BOARD MEMBERS AND SENIOR MANAGEMENT

I have received and read the code of Business Conduct and Ethics for Board Members and Senior Management of Hemisphere Properties India Limited. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics for Board Members and Senior Management.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the CPSE or the legal and regulatory requirements applicable to my job,

I know I can consult Company Secretary of HPIL knowing that my questions or reports will be maintained in confidence.

Further, I undertake to provide following Affirmation on an Annual basis to the Company within 30 days from the end of 31st March every year.

Signature : _____
Name : _____
Designation : _____
Telephone No. : _____
Date: _____
Place: _____
To: Company Secretary,HPIL